

NEWS

United States Department of Justice
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Michael Drewniak, Public Information Officer FOR IMMEDIATE RELEASE
973-645-2888 May 28, 2008

Morris County Developer Admits Tax Evasion;
Agrees to Pay Government \$17 Million

(More)

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NEWARK – The developer of a Morris County condominium community pleaded guilty today to evading corporate income taxes and has agreed to pay federal back taxes, penalties and interest of approximately \$17 million, U.S. Attorney Christopher J. Christie announced.

Morton Salkind, 75, of Denville and Aventura, Fla., admitted before U.S. District Judge Dennis M. Cavanaugh that he made false accounting entries in the books and records of Fox Development, Inc., the company that developed the Fox Hills over-55 residential community in Rockaway Township.

Salkind admitted that the false accounting entries included claiming approximately \$5.7 million in expenses related to the development of Fox Hills that were never incurred. He also admitted that false accounting entries inflated legitimate project expenses by approximately \$136,000. Salkind, who was the Vice President, Secretary and Treasurer of Fox Development, admitted causing the filing of a 2001 Corporate U.S. Income Tax Return that understated Fox Development's income because of those false accounting entries.

Salkind pleaded guilty to one count of tax evasion, which carries a maximum statutory penalty of five years in federal prison. Judge Cavanaugh scheduled sentencing for Jan. 12, 2009.

Under the advisory U.S. Sentencing Guidelines, Salkind faces a sentencing range of between 18 and 24 months, although the plea agreement permits Salkind to argue for a lesser sentence. The Sentencing Guidelines are advisory only, and Judge Cavanaugh has the discretion to impose a sentence above, below or within the Guidelines.

In connection with his plea, Salkind has also agreed to resolve his and Fox Development's civil tax liabilities with respect to certain tax years between 2000 and 2005. As such, Salkind is required to pay approximately \$17 million in taxes, inclusive of interest and penalties, to the United States Treasury on or before Dec. 31.

Christie credited Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, with the investigation leading to the guilty plea. The case was prosecuted by Seth Kosto of the Criminal Division in Newark.

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Defense counsel: Mark Rufolo, Esq., Livingston